

BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

The Directors present herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1945.

After provision for Dominion Taxes of \$98,000, and \$42,000 for depreciation, net profits amounted to \$117,919, equal to 84 cents per share, as against 97 cents shown in the year 1944.

In addition, profit of \$12,896 on sales of Securities has been carried to Profit and Loss Account.

Dividends totalling \$84,000, at the regular rate of 60 cents per share, were paid from the year's earnings.

The Company's investments consist of \$650,000 Bonds of the Dominion of Canada, and \$15,000 Bonds of The Hydro-Electric Power Commission of Ontario.

During the year 1945, improvement of the Company's plant and equipment was commenced. The plans call for a total expenditure of approximately \$250,000, of which \$143,000 has already been expended.

Renegotiation of war contracts was effected with the Dominion Government during the year, and the Company has received a clearance to December 31, 1944.

After giving effect to dividends paid, renegotiation settlement, and expenditure on capital account, net current assets are \$1,179,466, a decrease of \$114,758.

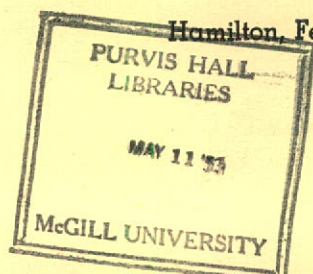
The demand for your Company's products continues on a very heavy scale, and there is every indication that your plant will be fully employed during the current year.

The Directors of your Company wish to express appreciation to the staff for their loyal services during the past year.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,
President.

Hamilton, February 9, 1946.



BURLINGTON STEEL

BALANCE SHEET,

ASSETS

Current Assets:

Cash on hand and in bank	\$	81,418.50	
Investments in marketable securities		668,303.50	
(Market value \$677,600.00)			
Life insurance policies (cash surrender value)		55,524.00	
Accounts receivable	\$	262,461.30	
Less—Reserve for doubtful accounts		10,000.00	
		<u>252,461.30</u>	
Stocks of raw materials and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on the usual basis which is not in excess of market or cost		541,331.96	
		<u>\$1,599,039.26</u>	
Refundable portion of taxes on income			10,085.00

Capital Assets:

On basis of appraised values reported by Canadian Appraisal
Company, Limited in March, 1928, with subsequent additions
at cost—

Land	\$	69,755.00	
Buildings	\$	408,877.46	
Equipment		1,145,082.36	
		<u>\$1,553,959.82</u>	
Less—Provision for depreciation		1,062,688.77	
		<u>491,271.05</u>	
			561,026.05
			<u>\$2,170,150.31</u>

AUDITORS' REPORT

We have examined the balance sheet of Burlington Steel Company, Limited as of December 31, 1945, in accordance with generally accepted auditing standards applicable in the circumstances and included such items as we considered necessary.

In our opinion the above balance sheet and related statement of profit and loss are properly prepared as at December 31 1945, and the result of its operations for the year ending on that date and are as shown.

Toronto, January 30, 1946.

DECEMBER 31, 1945

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1945

PARTICULARS	AMOUNT	
Profit from operations for the year before providing for depreciation and taxes on income.....	\$245,232.73	
Income from investments	\$ 17,594.61	
Less— Life insurance premiums less increase in cash surrender value.....	4,908.25	12,686.36
		<u>\$257,919.09</u>
Deduct—		
Provision for depreciation.....	\$ 42,000.00	
Provision for taxes on income.....	98,000.00	140,000.00
		<u>\$117,919.09</u>
Net profit for the year		\$117,919.09
Add—		
Profit on sales of securities.....		12,896.30
		<u>\$130,815.39</u>
Together		
Add—		
Balance brought forward January 1, 1945....	\$675,568.45	
Deduct—Prior year adjustments arising principally from renegotiation of war business up to December 31, 1944.....	38,411.85	637,156.60
		<u>\$767,971.99</u>
Deduct—Dividends.....		84,000.00
		<u>\$683,971.99</u>
Balance carried to balance sheet.....		<u><u>\$683,971.99</u></u>